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World Production and Trade

United States
Department of
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Foreign
Agricultural
Service

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Weekly
Roundup

WR 15-85

April 10, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

In ARGENTINA, the mid-March grain elevator explosion at the port of Bahia Blanca apparently has had less effect on the country's ability to export than was anticipated. The volume of grain exports in March reached a record 2.3 million tons, and Bahia Blanca's 475,000 tons was not significantly below the previous month's pre-explosion level. It appears that Argentine wheat and coarse grain exports in 1984/85 will be only slightly below last year's level of 20.5 million tons.

YUGOSLAVIA could possibly import U.S. sorghum this year. An unofficial trade report indicates the government of Yugoslavia recently granted approval for 100,000 tons of either imported sorghum or tapioca for poultry feeding. Last year, similar permission was granted and Yugoslavia purchased 32,000 tons of U.S. sorghum. Yugoslavia will provide one-half of the hard currency necessary; the importers will provide the other half from funds earned through exports of poultry meat. The reason for granting permission for imports was based largely on the continued high domestic price of corn, which, despite an export ban since last September, is well above the official price.

OILSEEDS AND PRODUCTS

In a recent speech, WEST GERMANY's Minister of Agriculture indicated that a solution to wheat surpluses would be easy if grain did not have to compete with imported "substitutes" (defined by Minister of Agriculture Kiechle as manioc, corn gluten feed, citrus pellets, bran, soybean meal and cottonseed expeller). Government officials have indicated that legislation prescribing minimum grain contents may be necessary if other measures do not stimulate use of feed wheat.

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JAPANESE soybean imports during 1984/85 are forecast at 4.7 million tons, up 100,000 tons from the previous forecast, according to the U.S. agricultural counselor in Tokyo. Soybean crush is expected to increase as demand for both soybean meal and oil rises. Demand for soybean food products, however, is expected to remain stable. The U.S. share of the Japanese soybean market is expected to fall below 90 percent because of competition from Brazil and Japanese complaints about the quality of U.S. soybeans this season.

DANISH soybean imports are forecast to decline to 140,000 tons in 1985/86 from 150,000 tons in 1984/85, with most of the total expected to come from the United States, according to the U.S. agricultural counselor in Copenhagen. Relatively high world oilseed prices and abundant European Community (EC) rapeseed supplies are the causes of decreasing soybean imports. Imports and consumption of soybean meal are anticipated to increase in 1985/86 in light of an expected increase in hog production. Soybean meal imports in 1985/86 are forecast at 1.15 million with less than 10 percent expected to come from the United States.

In the EUROPEAN COMMUNITY, the imposition of a quota on milk production during 1984 has hurt major feed ingredients such as sunflowerseed meal, copra meal and corn gluten feed. Artificially low EC prices for rapeseed meal helped to increase its share in compound feeds and thus maintain total West German domestic rapeseed meal consumption at 1 million tons for 1984/85, most of which is for dairy consumption. Soybean meal, the dominant protein component in swine and poultry rations, suffered little compared with the slump in dairy usage of high protein meals.

Because of its positive image, soybean meal may benefit from WEST GERMANY's reintroduction of the open formula labeling for mixed feed ingredients that takes effect Oct. 1, 1985. Feed compounders are concerned that farmers might not be willing to accept feeds with large amounts of rapeseed meal or other protein meals known among farmers as "protein substitutes."

One of the major recent events in WEST GERMANY's domestic market for edible fats was the sale of about 25,000 tons of cheap "Christmas Butter" from EC stocks during December 1984-January 1985. Preliminary statistics indicate that the program was successful. The margarine industry responded to the challenge by drastically reducing prices of some brands. Consequently, the loss in margarine sales was not as great as the gain in butter sales.

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DAIRY, LIVESTOCK AND POULTRY

CHINA and CANADA recently signed five agreements covering quarantine and health requirements for Canadian cattle, live poultry, hatching eggs and other livestock products sold to China. These agreements indicate a gradual relaxation of China's import restrictions.

The United States exports live swine and poultry and eggs to China. The average value of these exports in 1982-84 was \$170,000. In February 1985, China imported live cattle from the United States for the first time.

FINLAND's milk production totaled 3.2 million tons in 1984, down slightly from the 1983 level. A special program that encouraged farmers to reduce the size of their dairy herds resulted in a 3-percent decline in milk cow numbers; however, the decline was mostly offset by improved productivity. In 1985, milk production is expected to decline again as farmers respond to a new dairy program that includes delivery quotas for individual farms and penalties for overquota deliveries.

COTTON AND FIBERS

In the UNITED STATES, cotton exports continued to maintain a favorable pace, reaching the highest February level in five years. The February export movement totaled 811,000 bales, 7 percent above a year earlier and 9 percent above the 1979-83 average. Exports during the first seven months of the season totaled 3.9 million bales, 8 percent above the 3.6 million in the same period of 1983/84. Japan, South Korea, the European Community and Taiwan were the leading destinations. Total 1984/85 U.S. exports are forecast at 6.5 million bales.

TOBACCO

AUSTRIA's leaf tobacco utilization during 1984 was estimated at 13,200 tons. Although 1984 consumption of tobacco products declined only 2 percent, leaf tobacco imports dropped 24 percent during the first 11 months. Most of the 8,300 tons imported came from Hungary, Brazil, Thailand, Bulgaria, West Germany, Poland and the Philippines. The long-term trend of decreasing tobacco imports from the United States continued last year. The U.S share, which in 1983 accounted for 11 percent of total imports, declined to 5 percent in 1984. The strong dollar combined with greater competition was responsible for the decrease.

At the beginning of 1984, stocks were already at a fairly low level. Because of small imports in 1984, tobacco inventories at the beginning of 1985 were further reduced. As a result of low stock levels and an expected consumption rise, tobacco purchases are expected to increase during 1985.

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COFFEE AND TEA

Tea production in SRI LANKA during calendar year 1984 totaled 208,058 tons, 16 percent above the drought-reduced crop of 179,287 tons in 1983, according to the U.S. agricultural counselor in New Delhi. The 1984 output was 1 percent below the record of 210,148 tons harvested in 1981.

KENYA's green coffee production estimate for 1984/85 has been revised upward to 1.53 million 60-kilogram bags, 46 percent above the previous estimate, but 30 percent below last year's record harvest of 2.2 million bags, according to the U.S. agricultural attache in Nairobi. The main harvesting season for Kenyan coffee, which began in October, has just ended.

WOOD AND WOOD PRODUCTS

In the UNITED STATES, exports of solid wood products during the first two months of 1985 totaled \$405.96 million, down 8 percent from the same period in 1984. For the same period, however, the export volume of most major wood product categories increased as commodity prices continued to fall. Softwood products accounted for about 73 percent of the total value of solid wood exports.

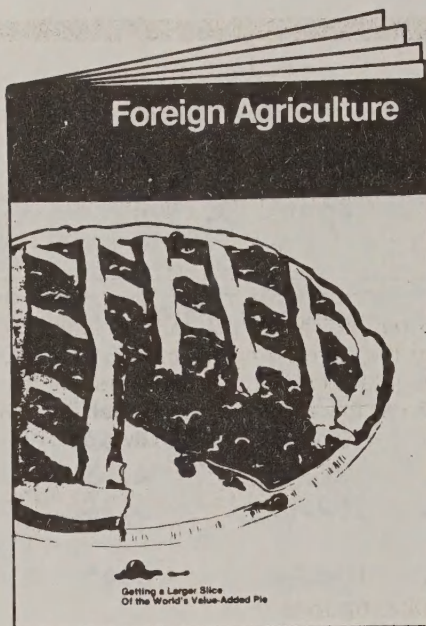
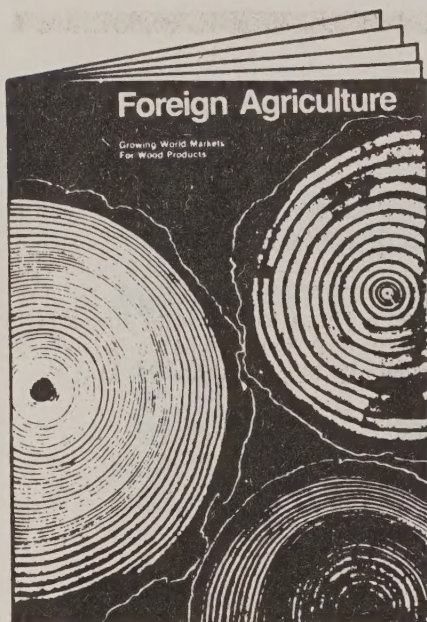
Japan remained the largest single market for U.S. wood product exports, accounting for \$165.3 million, or 41 percent of sales. This was \$15.3 million more than during the same period in 1984. Softwood log exports to that country were up 5 percent to \$99.6 million. Shipments of softwood lumber were \$28.5 million, up 17 percent from the same period in 1984, while softwood plywood sales of \$341,000 were 27 percent higher. Sales of wood chips were also up--by 20 percent--to \$26.5 million.

U.S. wood product exports to Canada, the second leading foreign market, declined 8 percent to \$62.7 million. Wood shipments to China fell to \$29.7 million, 33 percent below the same period in 1984.

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Selected International Prices

Item	: April 9, 1985		: Change from	: A year
	:		: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT	\$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	187.00	5.09	+4.00	198.00
U.S. No. 2 DNS/NS: 14%....	172.00	4.68	+4.50	184.50
U.S. No. 2 S.R.W.	170.00	4.63	+2.00	169.00
U.S. No. 3 H.A.D.....	181.00	4.93	+2.00	192.00
Canadian No. 1 A: Durum...	189.75	5.16	+2.75	203.50
Feed grains:				
U.S. No. 3 Yellow Corn....	136.00	3.45	0	166.00
Soybeans and meal:				
U.S. No. 2 Yellow.....	246.00	6.70	+1.00	320.75
Brazil 47/48% SoyaPellets 4/	151.00	--	-9.00	231.00
U.S. 44% Soybean Meal....	150.00	--	-5.00	228.00
U.S. FARM PRICES 3/				
Wheat.....	125.65	3.42	0	133.37
Barley.....	85.89	1.87	+.92	99.67
Corn.....	105.12	2.67	+.39	133.86
Sorghum.....	97.00	4.40 2/	+1.32	112.21
Broilers 4/.....	1061.51	--	+45.86	1274.92
EC IMPORT LEVIES				
Wheat 5/.....	60.20	1.64	-4.20	75.50
Barley.....	57.65	1.26	-3.70	71.50
Corn.....	52.40	1.33	-4.50	49.55
Sorghum.....	69.55	1.77	-3.75	75.30
Broilers 4/ 6/ 8/.....	N.Q.	--	N.Q.	N.Q.
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	144.85	3.97	-.25	187.10
Bread wheat (min. quality)7/	155.05	4.22	-.25	203.45
Barley and all				
other feed grains.....	144.85	--	-.25	187.10
Broilers 4/ 6/.....	N.Q.	--	N.Q.	N.Q.
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	--	28.35
Barley.....	N.A.	--	--	41.55
Broilers 4/ 6/ 8/.....	N.Q.	--	N.Q.	N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. N.A.=None authorized. N.Q.=Not quoted. Note: Basis May delivery.



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